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2 **UNITED STATES DISTRICT COURT**
3 **DISTRICT OF NEVADA**

4
5 UNITED STATES SECURITIES AND
6 EXCHANGE COMMISSION,

7 Plaintiff,

8 vs.

9 MICHAEL B. ZIPPRICH,
10 AMERICA'S REHAB CAMPUSES, LLC,
11 AMERICA'S REHAB CAMPUSES –
12 ARIZONA, LLC,
13 and
14 ARIZONA REHAB CAMPUS, LLC,
Defendants.

Case No. 2:20-cv-02308-JCM-DJA

**ORDER APPOINTING
FUNDS TRUSTEE**

15 **WHEREAS** this matter has come before this Court upon the joint motion of the Plaintiff
16 U.S. Securities and Exchange Commission ("SEC", "Commission" or "Plaintiff") and Defendants
17 to appoint a trustee for all funds paid by Defendants pursuant to a judgment in the above-captioned
18 action, including post-judgment interest; and,

19 **WHEREAS** the Court finds that, based on the record in these proceedings, the appointment
20 of a trustee in this action is necessary and appropriate for the purposes of preserving and
21 distributing all funds paid by Defendants pursuant to a judgment in this action, including post-
22 judgment interest;

23 **WHEREAS** this Court has subject matter jurisdiction over this action and personal
24 jurisdiction over the Defendants, and venue properly lies in this district.

25 **NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED**
26 **THAT:**

27 1. This Court hereby takes exclusive jurisdiction and possession of all funds to be paid
28 by Defendants pursuant to a judgment in this action, including post-judgment interest.

2. Until further Order of this Court, Geoff Winkler of American Fiduciary Services LLC is hereby appointed to serve without bond as trustee (the “Funds Trustee”) for all funds to be paid by Defendants pursuant to a judgment in this action, including post-judgment interest.

II. Funds Trustee Authority and Duties

3. The Funds Trustee shall establish one or more custodial accounts at a federally insured bank to receive and hold all funds to be paid by Defendants pursuant to a judgment in this action, including post-judgment interest (the “Funds”).

4. The Funds Trustee shall take all necessary steps to enable the Funds to obtain and maintain the status of a taxable “Settlement Fund,” within the meaning of Section 468B of the Internal Revenue Code and of the regulations.

5. The Funds Trustee shall distribute Funds only (a) for the repayment of amounts owed by Defendants to investors in either (i) the 1st Deed Note Offering, the 2nd Deed Note Offering, the Reg. D Offering or the Debt Conversion Offering referenced in the Complaint in this action, (ii) the May 25, 2017 \$2.5 million note offering by Indian Ruins Medical Office, LLC, or (iii) the July 21, 2017 \$2.6 million note offering by America’s Rehab Campuses – Texas LLC (the “Investors”) or (b) in accordance with the provisions of paragraphs 9 – 14 of this Order for payment of approved compensation or reimbursement of expenses. Further, the Funds Trustee shall distribute Funds to Investors only pursuant to a distribution plan approved by this Court or other Court order, and shall provide the Court with an accounting of the funds so distributed. Any remaining funds collected by the Funds Trustee that are not distributed under a Court-approved plan shall be paid to the Commission.

6. The Funds Trustee shall respond to Investor inquiries regarding any distribution.

II. Fees, Expenses and Accountings

7. Subject to Paragraphs 8-14 immediately below, the Funds Trustee need not obtain Court approval prior to the disbursement of Funds for expenses in the ordinary course of the administration and operation. Further, prior Court approval is not required for payments of applicable federal, state or local taxes.

1 8. Subject to Paragraph 9 immediately below, the Funds Trustee is authorized to solicit
2 persons and entities (“Retained Personnel”) to assist him in carrying out the duties and
3 responsibilities described in this Order. The Funds Trustee shall not engage any Retained Personnel
4 without first obtaining an Order of the Court authorizing such engagement.

5 9. The Funds Trustee and Retained Personnel are entitled to reasonable compensation
6 and expense reimbursement from the Funds as described in the “Billing Instructions for Receivers
7 in Civil Actions Commenced by the U.S. Securities and Exchange Commission” (the “Billing
8 Instructions”) agreed to by the Funds Trustee, attached as Exhibit 1. Such compensation shall
9 require the prior approval of the Court.

10 10. Within forty-five (45) days after the end of each calendar quarter, the Funds Trustee
11 and Retained Personnel shall apply to the Court for compensation and expense reimbursement from
12 the Funds (the “Quarterly Fee Applications”). At least thirty (30) days prior to filing each Quarterly
13 Fee Application with the Court, the Funds Trustee will serve upon counsel for the SEC a complete
14 copy of the proposed Application, together with all exhibits and relevant billing information in a
15 format to be provided by SEC staff.

16 11. All Quarterly Fee Applications will be interim and will be subject to cost benefit and
17 final reviews at the close of the trusteeship. At the close of the trusteeship, the Funds Trustee will
18 file a final fee application, describing in detail the costs and benefits associated with all actions
19 pursued by the Funds Trustee during the course of the trusteeship.

20 12. Quarterly Fee Applications may be subject to a holdback in the amount of 20% of
21 the amount of fees and expenses for each application filed with the Court. The total amounts held
22 back during the course of the trusteeship will be paid out at the discretion of the Court as part of the
23 final fee application submitted at the close of the trusteeship.

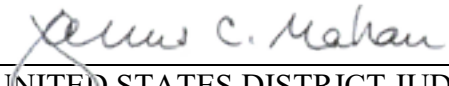
24 13. Each Quarterly Fee Application shall:

- 25 A. Comply with the terms of the Billing Instructions agreed to by the Funds
26 Trustee; and,
27 B. Contain representations (in addition to the Certification required by the
28 Billing Instructions) that: (i) the fees and expenses included therein were
 incurred in the best interests of the Investors; and, (ii) with the exception of

1 the Billing Instructions, the Funds Trustee has not entered into any
2 agreement, written or oral, express or implied, with any person or entity
3 concerning the amount of compensation paid or to be paid from the Funds, or
any sharing thereof.

4 14. At the close of the trusteeship, the Funds Trustee shall submit a Final Accounting, in
5 a format to be provided by SEC staff, as well as the Funds Trustee's final application for
6 compensation and expense reimbursement.

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10 **IT IS SO ORDERED** June 29, 2023.

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16 UNITED STATES DISTRICT JUDGE
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